

***California Department of Water Resources
Activities and Expenditures Report
January 18, 2001 - May 31, 2001***

(Contains March Quarterly Report as Required by ABX1 1)



July 9, 2001

Preface

In January, a shortage of electric power and available energy, combined with a rapid rise in the price of natural gas to fuel generating plants in the State, resulted in a rapid and substantial increase in wholesale energy costs and threatened the financial viability of investor-owned utilities (IOUs) and the reliability of California's power supply. As a result, Governor Gray Davis proclaimed a state of emergency on January 17, 2001.

The IOUs lack of creditworthiness crippled the energy market. The State assumed responsibility as the creditworthy entity to purchase net short electricity on behalf of customers of the IOUs. The Department of Water Resources was mandated by SBX1 7 (Chapter 3, First Extraordinary Session, Statutes of 2001) and ABX1 1(Chapter 4, First Extraordinary Session, Statutes of 2001) to participate in markets for the purchase and sale of net short power to sustain electric service for the well being of the State's residents.

On January 19, 2001, the Governor signed SBX1 7 establishing the Department of Water Resources Electric Power Fund (DWREPF) and temporarily authorizing DWR to buy and sell electricity. The bill also required the California Public Utilities Commission to adopt and implement emergency regulations to provide for delivery and payment mechanisms for the sale of electric power, purchased by DWREPF directly or indirectly, to the California Independent System Operator (ISO), public utilities or retail end-use customers.

On February 1, 2001, the Governor signed ABX1 1, which authorized the Department to enter into long-term contracts for the purchase of net short electric power prior to January 1, 2003. The bill continued the DWREPF on a permanent basis with continuously appropriated moneys and all revenues deposited into the DWREPF. The legislation also authorized the DWREPF, in conjunction with the State Treasurer, to issue revenue bonds for long-term financing of the DWREPF.

Preface (cont'd)

Pursuant to the reporting requirement in ABX1 1, the following information reflects energy acquisition activities and expenditures incurred by the California Energy Resources Scheduling Division of the Department from January 2001 through May 31, 2001. Included are all costs related to initial setup, administration and energy acquisition. These numbers reflect the volatility of the energy market, as it is impacted by the basic law of supply and demand, conservation, signing of long-term contracts, temperature, fuel price, precipitation, seasons and time-of-day. The effect of each of these factors is ultimately reflected in the price paid for energy at any given time and in the amount of net short power the State must purchase.

Energy purchases made through the California ISO real-time market provides the energy and load balance necessary for energy grid reliability. Ancillary services support system reliability and include such items as regulation, reserves and voltage support. The cost of energy to California's residents since January 2001 has trended downward in electric costs, as Governor Gray Davis' energy program continues to be implemented.

The establishment of long-term contracts, weather, conservation, new generation coming online and reduced natural gas costs have all been factors in the downward trending of costs. Under Governor Davis' program, blackouts were avoided except under the most severe circumstances, prices have stabilized and then declined, thereby moving the California electric energy industry closer to normalcy.

Activities and Expenditures Report January 18, 2001 - May 31, 2001

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DWR Electric Power Fund Comparison With Appropriations

Financial Report (in millions)

For period January 17, 2001 through May 31, 2001

Appropriations

SBX1 7 and other appropriations	\$ 840
Original ABX1 1 Appropriation	500
Director of Finance Notices under ABX1 1	<u>6,000</u>
	7,340

Cash receipts from IOUs

768
<u>8,108</u>

Total Appropriations and Receipts

Cash expenditures

Power	5,944
Administration	<u>5</u>

Total Cash Expenditures

5,949

Accruals

Power delivered through May 31, 2001	1,707
Administration	<u>12</u>

Total Accruals

1,719

Total Expenditures & Accruals

7,668

Funding Available at May 31, 2001

\$ 440

Note: Issued Director of Finance Notices that become effective after May 31, 2001 total \$1 billion.

Balance of Appropriations and Receipts less Cash Expenditures at May 31, 2001 is \$2,159.

DWR Electric Power Fund

Summary of Appropriations, Revenues and Expenditures for Power Purchases Through May 31, 2001

<u>Source</u>	<u>Effective Date</u>	<u>and Revenue Authorization</u>	<u>Actual Expenditures</u>
Appropriations to DWR	01/17/01	\$440,000,000	\$302,229,000
Appropriations under SBX1 7	01/19/01	399,000,000	399,000,000
Appropriations under ABX1 1			
Original Appropriation	02/01/01	495,755,000	495,755,000
First Deficiency	02/15/01	500,000,000	500,000,000
Second Deficiency	02/23/01	500,000,000	500,000,000
Third Deficiency	03/04/01	500,000,000	500,000,000
Fourth Deficiency	03/12/01	500,000,000	500,000,000
Fifth Deficiency	03/19/01	500,000,000	500,000,000
Sixth Deficiency	03/29/01	500,000,000	500,000,000
Seventh Deficiency	04/07/01	500,000,000	500,000,000
Eighth Deficiency	04/22/01	500,000,000	479,000,000*
Ninth Deficiency	04/29/01	500,000,000	**
Tenth Deficiency	05/07/01	500,000,000	**
Eleventh Deficiency	05/17/01	500,000,000	***
Twelfth Deficiency	05/21/01	500,000,000	***
Total General Fund Appropriations		7,334,755,000	
IOU Remittances through date of report		<u>768,000,000</u>	
Total DWR Electric Power Fund		<u>\$8,102,755,000</u>	

* The remaining \$21 million of the Eighth Deficiency Request was expended after May 31, 2001, but prior to the issuance of the Interim Finance Loan, effective June 26, 2001.

** Of the \$1 billion appropriation authority from the Ninth and Tenth Deficiency Requests, \$883.7 million was expended after May 31, 2001, but prior to the issuance of the Interim Finance Loan, effective June 26, 2001.

*** None of this appropriation authority has been expended. In addition, a Thirteenth Deficiency Request was issued May 23, 2001, but not effective until June 3, 2001 and a Fourteenth Deficiency Request was June 4, 2001, but not effective until June 14.

Energy Cost Categories

The energy purchases by DWR are presented in three major categories as follows:

Spot Prices:

- As presented in this report, this includes day-ahead purchases, hour-ahead purchases and ISO real-time purchases.
- In previous reports by DWR, “spot” prices have included short-term bilateral purchases (balance of month, monthly and some quarterly purchases), these are now included with “contracts”.

Contract Purchases:

- Includes long-term contracts (over one quarter in duration) and short-term contracts entered into by the CERS trading desk (balance of month, monthly, and quarterly purchases).
- The inclusion of current short-term contracts, which have a higher unit cost than long-term contracts, increases the average cost/MWh compared to forecasts released by DWR depicting only longer-term contracts.

ISO, Ancillary Service, Transmission and Dispatch Costs:

- Due to the ISO’s settlements process, actual audited costs are not available. The values shown herein are estimated.
- Some ISO costs included in this estimate may be determined not to be DWR’s responsibility, following an audit. Conversely, some ISO costs not now charged to DWR may become DWR’s responsibility.

Total Energy Acquisition Cost January 18, 2001 -- May 31, 2001

Month	Total Energy Cost ¹	Bond Issuance Cost ²	Total Administrative Cost ³	Total Cost CERS Energy Acquisition
January	\$ 549,142,001	\$ -	\$ 1,096,968	\$ 550,238,969
February	\$ 1,441,938,729	\$ 250,000	\$ 2,049,353	\$ 1,444,238,082
March	\$ 1,801,484,260	\$ 1,000,000	\$ 1,885,783	\$ 1,804,370,043
April	\$ 1,859,506,664	\$ 1,000,000	\$ 3,588,584	\$ 1,864,095,248
May	\$ 1,998,871,108	\$ 139,805	\$ 5,742,839	\$ 2,004,753,752
Total	\$ 7,650,942,762	\$ 2,389,805	\$ 14,363,528	\$ 7,667,696,095

Note: Above amounts may be revised in the settlement process.

¹ Includes all energy commitments January 18, 2001 - May 31, 2001, Spot Market, short and long-term contracts, ISO ancillary services and transmission dispatch.

² Bond counsel and consultant expenditures to be funded from bond proceeds.

³ Includes personal services, facilities, professional consulting contracts, professional service agreements, credit fees, operating expenses, and one-time expenditures for equipment and information technology equipment.

Summary of Monthly Energy Commitments by MWh, Cost, Average Price

Spot Market				Long-Term and Short-Term Contracts			ISO, Ancillary Services, Trans/Dispatch		Total		
Date	MWh	Cost	Avg. Price	MWh	Cost	Avg. Price	MWh	Cost	MWh	Cost	Avg. Price
January 2001 (1)	1,268,841	406,840,298	321	385,350	117,547,000	305	81,174	24,754,703	1,735,365	549,142,001	316
February 2001	4,093,239	1,260,819,045	308	649,420	107,191,784	165	237,133	73,927,900	4,979,792	1,441,938,729	290
March 2001	4,740,400	1,282,373,957	271	2,162,951	406,692,903	188	342,064	112,417,400	7,245,415	1,801,484,260	249
April 2001	3,443,600	1,144,415,917	332	3,140,274	599,857,497	191	329,194	115,233,250	6,913,068	1,859,506,664	269
May 2001	4,036,801	1,095,162,423	271	3,793,302	758,593,485	200	391,504	145,115,200	8,221,607	1,998,871,108	243
Total	17,582,881	5,189,611,640	295	10,131,297	1,989,882,669	196	1,381,069	471,448,453	29,095,247	7,650,942,762	263

Spot Market includes: Day-ahead, hour-ahead, and real-time.

Contracts include: Long-term and short-term, balance of month, quarterly, and block forward.

Amounts shown above may be revised in Settlement processes.

(1) January Contracts reflect balance of month contracts.

MWh and costs for ISO, Ancillary Services, Transmission and Dispatch reflected are estimates. Costs are subject to audit.

Costs and average \$/MWh include all power purchases including spot, balance of month, quarterly, and contract energy as well as an estimate for ISO ancillary, transmission, and dispatch costs that are subject to CERS review for applicability.

Actual Energy Expenditures vs. Forecasted

January 18, 2001 -- May 31, 2001

	<u>FORECAST¹</u>			<u>ACTUAL</u>			<u>DIFFERENCE FROM FORECAST</u>	
	<u>MWh</u> (000s)	<u>Cost</u> (000s)	<u>Price</u> \$/MWh	<u>MWh</u> (000s)	<u>Cost</u> (000s)	<u>Price</u> \$/MWh	<u>MWh</u> (000s)	<u>Cost</u> (000s)
Jan 01	--	--	--	1,737	\$549,142	316	--	--
Feb 01	--	--	--	4,980	\$1,441,939	290	--	--
Mar 01	--	--	--	7,249	\$1,801,484	249	--	--
Apr 01 ²	5,976	\$1,780,914	298	6,913	\$1,859,507	269	+ 937	\$+ 78,593
May 01	<u>6,113</u>	<u>\$1,755,811</u>	<u>287</u>	<u>8,222</u>	<u>\$1,998,871</u>	<u>243</u>	<u>+2,109</u>	<u>\$+243,060</u>
Total	12,089	\$3,536,725	293	29,101	\$7,650,943	273	+3,046	\$+321,653

All figures subject to settlement adjustments.

6/28/01

1 Forecast based on Navigant Consulting, Inc. model used to generate May 2, 2001 Revenue Requirement filing

2 Combined actual and forecast in April

Power Purchase Commitments

January 2001

Mo./ Day	Total Spot			Long-Term and Short-Term Contracts (1)			ISO, Anc. Svcs., Trans/Dispatch Est. Cost (2)		Total		
	MWh	Dollars	\$/MWh	MWh	Dollars	\$/MWh	MWh	Dollars	MWh	Dollars	\$/MWh
1/1											
1/2											
1/3											
1/4											
1/5											
1/6											
1/7											
1/8											
1/9											
1/10											
1/11											
1/12											
1/13											
1/14											
1/15											
1/16											
1/17	4,647	1,929,525	415						4,647	1,929,525	415
1/18	26,056	11,665,596	448						26,056	11,665,596	448
1/19	51,117	19,039,725	372	3,000	660,000	220	2,706	314,775	56,823	20,014,500	352
1/20	78,301	22,337,317	285	4,800	1,290,000	269	4,155	1,215,700	87,256	24,843,017	285
1/21	71,785	18,841,504	151	27,000	8,256,000	306	4,939	1,450,915	103,724	28,548,419	275
1/22	102,085	35,033,390	343	27,000	7,766,000	288	6,454	2,092,515	135,539	44,891,905	331
1/23	105,960	39,235,577	370	34,200	10,766,000	315	7,008	1,827,863	147,168	51,829,440	352
1/24	100,960	33,128,957	328	34,200	10,766,000	315	6,758	2,110,675	141,918	46,005,632	324
1/25	102,349	32,475,253	317	35,600	11,149,000	313	6,897	2,134,125	144,846	45,758,378	316
1/26	101,773	32,916,567	323	35,600	11,149,000	313	6,869	1,851,460	144,242	45,917,027	318
1/27	99,569	26,996,844	271	35,600	11,149,000	303	6,758	2,274,695	141,927	40,420,539	285
1/28	84,920	27,777,267	327	40,800	11,149,000	273	6,286	2,345,475	132,006	41,271,742	313
1/29	116,247	35,721,531	307	35,600	11,149,000	313	7,592	2,381,890	159,439	49,252,421	309
1/30	103,536	31,455,687	304	36,350	11,149,000	307	6,994	2,242,615	146,880	44,847,302	305
1/31	<u>119,536</u>	<u>38,285,558</u>	<u>320</u>	<u>35,600</u>	<u>11,149,000</u>	<u>313</u>	<u>7,757</u>	<u>2,512,000</u>	<u>162,893</u>	<u>51,946,558</u>	<u>319</u>
	1,268,841	406,840,298	321	385,350	117,547,000	305	81,174	24,754,703	1,735,365	549,142,001	316

Spot Market includes: Day-ahead, hour-ahead, and real-time.

Amounts shown above may be revised in Settlement processes.

(1) January Contracts reflect balance of month only.

(2) MWh and costs for ISO, Ancillary Services, Transmission and Dispatch are estimates. Costs are subject to audit.

Costs and average \$/MWh include all power purchases including spot, balance of month quarterly and contract energy as well as an estimate for ISO ancillary, transmission, and dispatch costs that are subject to CERS review for applicability.

Power Purchase Commitments

February 2001

Mo./ Day	Total Spot			Long-Term and Short-Term Contracts			ISO, Anc. Svcs., Trans/Dispatch Est. Cost (1)		Total		
	MWh	Dollars	\$/MWh	MWh	Dollars	\$/MWh	MWh	Dollars	MWh	Dollars	\$/MWh
2/1	146,670	45,459,476	310				7,334	1,839,400	154,004	47,298,876	307
2/2	143,444	39,043,640	272				7,172	1,804,650	150,616	40,848,290	271
2/3	112,969	33,199,354	294				5,648	1,379,625	118,617	34,578,979	292
2/4	121,473	31,162,125	257				6,074	1,553,750	127,547	32,715,875	257
2/5	115,178	31,657,915	275				5,759	1,105,650	120,937	32,763,565	271
2/6	146,485	35,426,363	242				7,324	1,822,625	153,809	37,248,988	242
2/7	150,672	42,955,742	285	18,400	1,264,520	69	8,454	2,644,250	177,526	46,864,512	264
2/8	169,391	52,469,861	310	18,400	1,264,520	69	9,390	2,516,575	197,181	56,250,956	285
2/9	164,473	52,156,356	317	19,200	1,366,120	71	9,184	2,807,700	192,857	56,330,176	292
2/10	152,762	46,929,260	307	20,000	1,458,120	73	8,638	2,731,350	181,400	51,118,730	282
2/11	167,851	43,904,321	262				8,393	2,728,675	176,244	46,632,996	265
2/12	152,436	46,490,249	305	18,400	1,264,520	69	8,542	2,591,000	179,378	50,345,769	281
2/13	180,771	59,121,619	327	20,000	1,458,120	73	10,039	3,475,550	210,810	64,055,289	304
2/14	119,521	46,934,330	393	20,288	1,473,960	73	6,990	2,381,025	146,799	50,789,315	346
2/15	156,655	71,663,257	457	21,488	1,588,560	74	8,907	2,708,250	187,050	75,960,067	406
2/16	164,342	76,308,260	464	21,488	1,588,560	74	9,292	2,949,150	195,122	80,845,970	414
2/17	130,803	54,229,650	415	24,808	2,486,360	100	7,781	2,369,575	163,392	59,085,585	362
2/18	111,733	39,732,569	356	15,888	4,556,760	287	6,381	2,186,800	134,002	46,476,129	347
2/19	127,956	45,148,111	353	40,520	8,962,440	221	8,424	2,928,075	176,900	57,038,626	322
2/20	126,464	43,462,008	344	41,608	9,079,880	218	8,404	2,854,225	176,476	55,396,113	314
2/21	150,189	44,399,597	296	41,608	9,079,880	218	9,590	3,451,300	201,387	56,930,777	283
2/22	169,977	42,377,712	249	40,968	8,841,560	216	10,547	3,847,850	221,492	55,067,122	249
2/23	155,673	42,269,942	272	47,352	7,955,320	168	10,151	3,517,850	213,176	53,743,112	252
2/24	130,785	30,173,677	231	47,232	7,800,112	165	8,901	3,269,700	186,918	41,243,489	221
2/25	139,304	31,944,099	229	31,276	8,417,432	269	8,529	2,190,325	179,109	42,551,856	238
2/26	167,102	47,641,104	285	44,512	7,215,312	162	10,581	3,227,975	222,195	58,084,391	261
2/27	163,960	43,833,057	267	50,816	11,003,200	217	10,739	3,706,475	225,515	58,542,732	260
2/28	<u>154,200</u>	<u>40,725,391</u>	<u>264</u>	<u>45,168</u>	<u>9,066,528</u>	<u>201</u>	<u>9,968</u>	<u>3,338,525</u>	<u>209,336</u>	<u>53,130,444</u>	<u>254</u>
	4,093,239	1,260,819,045	308	649,420	107,191,784	165	237,133	73,927,900	4,979,792	1,441,938,729	290

Spot Market includes: Day-ahead, hour-ahead, and real-time.

Contracts include: Long-term and short-term, balance of month, quarterly, and block forward.

Amounts shown above may be revised in Settlement processes.

(1) MWh and costs for ISO, Ancillary Services, Transmission and Dispatch are estimates. Costs are subject to audit.

Costs and average \$/MWh include all power purchases including spot, balance of month quarterly and contract energy as well as an estimate for ISO ancillary, transmission, and dispatch costs that are subject to CERS review for applicability.

Power Purchase Commitments

March 2001

Mo./ Day	Total Spot			Long-Term and Short-Term Contracts			ISO, Anc. Svcs., Trans/Dispatch Est. Cost (1)		Total		
	MWh	Dollars	\$/MWh	MWh	Dollars	\$/MWh	MWh	Dollars	MWh	Dollars	\$/MWh
3/1	163,298	48,089,055	294	62,064	11,055,704	178	11,702	4,089,850	237,064	63,234,609	267
3/2	137,730	45,841,015	333	70,750	13,402,204	189	10,110	3,701,150	218,590	62,944,369	288
3/3	139,512	44,326,434	318	64,464	11,202,104	174	9,365	3,664,525	213,341	59,193,063	277
3/4	117,291	36,195,133	309	47,788	10,939,400	229	9,741	2,735,550	174,820	49,870,083	285
3/5	143,831	47,084,507	327	77,533	15,776,254	203	11,126	3,666,675	232,490	66,527,436	286
3/6	170,637	59,451,990	348	78,690	16,730,100	213	12,192	4,270,800	261,519	80,452,890	308
3/7	174,447	57,869,026	332	73,199	14,808,250	202	11,745	4,103,325	259,391	76,780,601	296
3/8	173,016	52,367,797	303	60,456	10,354,560	171	11,894	4,191,000	245,366	66,913,357	273
3/9	167,619	42,666,512	255	64,856	11,434,160	176	11,729	3,768,750	244,204	57,869,422	237
3/10	117,213	24,776,520	211	66,964	11,883,269	177	8,320	3,519,550	192,497	40,179,339	209
3/11	139,309	26,884,339	193	49,187	10,202,426	207	10,473	3,391,825	198,969	40,478,590	203
3/12	165,201	37,742,504	228	70,152	12,567,440	179	11,768	4,085,775	247,121	54,395,719	220
3/13	172,034	37,177,196	216	70,152	12,567,440	179	12,109	3,748,325	254,295	53,492,961	210
3/14	172,832	37,927,416	219	70,152	12,567,440	179	12,223	3,745,675	255,207	54,240,531	213
3/15	150,672	34,451,258	229	71,632	12,823,080	179	11,155	3,865,525	233,459	51,139,863	219
3/16	156,048	42,519,408	272	72,432	12,983,080	179	11,424	4,073,125	239,904	59,575,613	248
3/17	132,373	31,973,589	242	72,432	12,983,080	179	8,840	3,723,075	213,645	48,679,744	228
3/18	159,539	44,464,096	279	44,432	8,562,176	193	11,539	3,136,300	215,510	56,162,572	261
3/19	177,917	61,602,730	346	71,232	12,779,080	179	12,467	3,837,525	261,616	78,219,335	299
3/20	185,060	67,935,573	367	71,432	12,819,080	179	12,705	3,798,825	269,197	84,553,478	314
3/21	184,073	74,231,942	403	69,032	12,672,680	184	12,675	2,535,375	265,780	89,439,997	337
3/22	172,185	61,635,414	358	69,432	12,746,680	184	12,621	3,171,350	254,238	77,553,444	305
3/23	168,846	50,327,770	298	80,232	15,345,080	191	12,454	3,365,450	261,532	69,038,300	264
3/24	138,386	30,257,330	219	80,232	15,345,080	191	9,351	3,545,350	227,969	49,147,760	216
3/25	119,198	19,801,340	166	48,632	9,360,176	192	9,972	2,720,900	177,802	31,882,416	179
3/26	140,351	25,098,513	179	80,232	15,345,080	191	11,029	3,757,875	231,612	44,201,468	191
3/27	138,438	20,224,134	146	80,232	15,383,080	192	10,994	3,747,125	229,664	39,354,339	171
3/28	140,130	23,404,276	167	81,432	15,539,080	191	11,038	3,789,050	232,600	42,732,406	184
3/29	149,284	30,237,329	203	80,632	15,437,480	191	11,536	3,731,350	241,452	49,406,159	205
3/30	156,618	36,439,541	233	81,432	15,539,080	191	11,903	3,463,600	249,953	55,442,221	222
3/31	<u>117,312</u>	<u>29,370,270</u>	<u>250</u>	<u>81,432</u>	<u>15,539,080</u>	<u>191</u>	<u>5,866</u>	<u>3,472,825</u>	<u>204,610</u>	<u>48,382,175</u>	<u>236</u>
	4,740,400	1,282,373,957	271	2,162,951	406,692,903	188	342,064	112,417,400	7,245,415	1,801,484,260	249

Spot Market includes: Day-ahead, hour-ahead, and real-time.

Contracts include: Long-term and short-term, balance of month, quarterly, and block forward.

Amounts shown above may be revised in Settlement processes.

(1) MWh and costs for ISO, Ancillary Services, Transmission and Dispatch are estimates. Costs are subject to audit.

Costs and average \$/MWh include all power purchases including spot, balance of month quarterly and contract energy as well as an estimate for ISO ancillary, transmission, and dispatch costs that are subject to CERS review for applicability.

Power Purchase Commitments

April 2001

Mo./ Day	Total Spot			Long-Term and Short-Term Contracts			ISO, Anc. Svcs., Trans/Dispatch Est. Cost (1)		Total		
	MWh	Dollars	\$/MWh	MWh	Dollars	\$/MWh	MWh	Dollars	MWh	Dollars	\$/MWh
4/1	90,819	24,694,411	272	58,954	11,775,781	200	7,489	2,037,075	157,262	38,507,267	245
4/2	106,626	29,808,058	280	89,342	16,655,788	186	9,798	2,887,100	205,766	49,350,946	240
4/3	107,316	31,812,223	296	94,849	17,595,775	186	10,108	4,048,375	212,273	53,456,373	252
4/4	141,825	43,394,755	306	91,172	16,978,188	186	11,650	4,483,650	244,647	64,856,593	265
4/5	131,804	38,941,585	295	96,472	18,022,428	187	11,414	4,455,950	239,690	61,419,963	256
4/6	96,926	31,498,477	325	107,570	22,005,488	205	10,225	3,792,575	214,721	57,296,540	267
4/7	81,911	24,207,294	296	104,272	21,456,593	206	9,309	3,657,525	195,492	49,321,412	252
4/8	104,033	34,746,958	334	64,952	14,422,328	222	8,449	2,869,550	177,434	52,038,836	293
4/9	134,028	48,237,191	360	101,352	19,231,708	190	11,769	4,178,125	247,149	71,647,024	290
4/10	128,642	47,844,642	372	101,352	19,495,708	192	11,500	4,391,900	241,494	71,732,250	297
4/11	124,543	47,131,832	378	101,352	19,407,708	191	11,295	4,523,925	237,190	71,063,465	300
4/12	131,093	58,179,301	444	104,152	20,402,308	196	11,762	4,079,425	247,007	82,661,034	335
4/13	94,490	40,206,584	426	103,672	20,406,500	197	9,908	3,450,350	208,070	64,063,434	308
4/14	76,444	29,595,919	387	101,560	19,827,505	195	8,900	3,258,300	186,904	52,681,724	282
4/15	93,514	35,379,288	378	66,752	15,379,368	230	8,013	2,750,450	168,279	53,509,106	318
4/16	114,926	49,000,166	426	117,256	21,226,416	181	11,609	3,862,675	243,791	74,089,257	304
4/17	136,261	45,905,872	337	116,072	20,998,108	181	12,617	4,195,850	264,950	71,099,830	268
4/18	117,032	35,902,581	307	119,656	21,528,866	180	11,834	4,287,425	248,522	61,718,872	248
4/19	103,340	27,952,247	270	119,576	21,528,866	180	11,146	4,335,350	234,062	53,816,463	230
4/20	104,946	31,096,285	296	119,096	21,440,498	180	11,202	4,055,625	235,244	56,592,408	241
4/21	71,642	19,631,241	274	118,266	21,311,850	180	9,495	3,868,925	199,403	44,812,016	225
4/22	86,786	28,653,152	330	90,152	19,173,328	213	8,847	2,734,525	185,785	50,561,005	272
4/23	118,882	38,134,356	321	125,136	23,129,642	185	12,201	3,986,525	256,219	65,250,523	255
4/24	161,444	55,192,546	342	121,368	22,542,150	186	14,141	4,432,225	296,953	82,166,921	277
4/25	177,889	63,329,888	356	120,072	22,315,768	186	14,898	4,592,925	312,859	90,238,581	288
4/26	148,548	53,015,808	357	123,072	22,927,268	186	13,581	4,477,475	285,201	80,420,551	282
4/27	131,878	47,063,142	357	126,072	23,451,068	186	12,898	4,361,500	270,848	74,875,710	276
4/28	70,610	19,030,106	270	126,072	23,451,068	186	9,834	4,292,475	206,516	46,773,649	226
4/29	99,190	19,558,418	197	90,152	19,331,728	214	9,467	2,843,950	198,809	41,734,096	210
4/30	<u>156,212</u>	<u>45,271,591</u>	<u>290</u>	<u>120,481</u>	<u>22,437,699</u>	<u>186</u>	<u>13,835</u>	<u>4,041,525</u>	<u>290,528</u>	<u>71,750,815</u>	<u>247</u>
	3,443,600	1,144,415,917	332	3,140,274	599,857,497	191	329,194	115,233,250.000	6,913,068	1,859,506,664	269

Spot Market includes: Day-ahead, hour-ahead, and real-time.

Contracts include: Long-term and short-term, balance of month, quarterly, and block forward.

Amounts shown above may be revised in Settlement processes.

(1) MWh and costs for ISO, Ancillary Services, Transmission and Dispatch are estimates. Costs are subject to audit.

Costs and average \$/MWh include all power purchases including spot, balance of month quarterly and contract energy as well as an estimate for ISO ancillary, transmission, and dispatch costs that are subject to CERS review for applicability.

Power Purchase Commitments

May 2001

Mo./ Day	Total Spot			Long-Term and Short-Term Contracts			ISO, Anc. Svcs., Trans/Dispatch Est. Cost (1)		Total		
	MWh	Dollars	\$/MWh	MWh	Dollars	\$/MWh	MWh	Dollars	MWh	Dollars	\$/MWh
5/1	169,436	43,588,320	257	104,352	19,804,148	190	13,689	4,425,500	287,477	67,817,968	236
5/2	143,993	32,192,762	224	113,552	22,773,348	201	12,877	4,912,375	270,422	59,878,485	221
5/3	144,470	28,536,035	198	113,052	22,357,348	198	12,876	4,728,075	270,398	55,621,458	206
5/4	135,603	27,024,667	199	115,152	22,973,348	200	12,538	4,515,350	263,293	54,513,365	207
5/5	104,475	22,870,319	219	115,152	22,726,948	197	10,981	4,231,350	230,608	49,828,617	216
5/6	130,708	31,251,189	239	69,232	16,466,328	238	9,997	2,816,825	209,937	50,534,342	241
5/7	140,739	39,941,595	284	115,152	22,726,948	197	12,795	4,094,700	268,686	66,763,243	248
5/8	173,939	64,024,190	368	115,152	22,726,948	197	14,455	4,492,500	303,546	91,243,638	301
5/9	160,655	71,516,818	445	120,517	23,853,298	198	14,059	4,701,000	295,231	100,071,116	339
5/10	163,859	73,547,023	449	122,584	24,163,348	197	14,322	4,684,125	300,765	102,394,496	340
5/11	151,565	63,167,005	417	123,504	24,435,148	198	13,753	3,883,200	288,822	91,485,353	317
5/12	95,061	30,552,637	321	124,912	24,646,348	197	10,999	4,091,075	230,972	59,290,060	257
5/13	105,800	17,020,428	161	83,506	18,946,228	227	9,465	3,150,425	198,771	39,117,081	197
5/14	112,358	33,587,655	299	127,106	25,146,808	198	11,973	4,599,250	251,437	63,333,713	252
5/15	112,472	21,463,059	191	129,217	25,679,978	199	12,084	4,539,750	253,773	51,682,787	204
5/16	114,317	22,984,557	201	136,432	26,888,028	197	12,537	5,039,350	263,286	54,911,935	209
5/17	105,388	15,289,336	145	141,642	27,804,860	196	12,352	5,087,275	259,382	48,181,471	186
5/18	102,926	17,140,460	167	139,712	27,653,973	198	12,132	4,794,600	254,770	49,589,033	195
5/19	106,422	21,521,577	202	139,368	27,463,748	197	12,290	4,592,050	258,080	53,577,375	208
5/20	123,705	31,192,816	252	110,219	21,797,008	198	11,696	4,055,825	245,620	57,045,649	232
5/21	156,050	50,339,488	323	142,568	27,463,748	193	14,931	5,531,800	313,549	83,335,036	266
5/22	172,358	59,280,212	344	139,362	27,086,788	194	15,586	5,760,425	327,306	92,127,425	281
5/23	189,034	68,615,948	363	136,112	27,054,788	199	16,257	6,089,200	341,403	101,759,936	298
5/24	170,446	57,736,872	339	136,112	27,072,388	199	15,328	6,080,825	321,886	90,890,085	282
5/25	133,862	31,144,870	233	136,112	27,054,788	199	13,499	5,753,375	283,473	63,953,033	226
5/26	87,537	21,866,504	250	136,112	27,072,388	199	11,182	5,238,650	234,831	54,177,542	231
5/27	58,893	8,410,692	143	100,912	21,682,848	215	7,990	4,071,525	167,795	34,165,065	204
5/28	50,105	9,284,350	185	100,912	21,682,848	215	7,551	3,991,725	158,568	34,958,923	220
5/29	100,296	16,298,769	163	136,512	27,129,588	199	11,840	4,652,625	248,648	48,080,982	193
5/30	148,585	26,919,984	181	134,961	27,129,588	201	14,177	4,888,400	297,723	58,937,972	198
5/31	171,744	36,852,286	215	134,112	27,129,588	202	15,293	5,622,050	321,149	69,603,924	217
	4,036,801	1,095,162,423	271	3,793,302	758,593,485	200	391,504	145,115,200	8,221,607	1,998,871,108	243

Spot Market includes: Day-ahead, hour-ahead, and real-time.

Contracts include: Long-term and short-term, balance of month, quarterly, and block forward.

Amounts shown above may be revised in Settlement processes.

(1) MWh and costs for ISO, Ancillary Services, Transmission and Dispatch are estimates. Costs are subject to audit.

Costs and average \$/MWh include all power purchases including spot, balance of month

quarterly and contract energy as well as an estimate for ISO ancillary, transmission, and

dispatch costs that are subject to CERS review for applicability.

California Energy Resources Scheduling (CERS)

Budgeted Non-Power Costs Compared to Actual Through 5/31/01

	FY 2000-01 Preliminary Budget	FY 2000-01 Actual through 5/31/2001	FY 2001-02 Budgeted
<u>Letters of Credit</u> ¹	\$ 1,200,000	\$ 600,000	\$ --
<u>Consultant Contracts</u>			
Deloitte & Touche	\$ 2,165,625	\$ 3,955,024	\$ 3,780,000
Electric Power Group, LLC	\$ 1,898,875	\$ 741,745	\$ 2,706,000
Navigant Consulting	\$ 2,237,600	\$ 2,000,395	\$ 2,021,710
Staffing for ISO	\$ 768,000	\$ --	\$ 220,000
Contracted Managers	\$ 292,000	\$ 223,889	\$ 775,000
Contracted Labor	\$ <u>1,817,000</u>	\$ <u>532,621</u>	\$ <u>110,000</u>
	\$ 9,179,100	\$ 7,453,674	\$ 9,612,710
<u>Labor</u>	\$ 847,000	\$ 1,740,480	\$ 6,870,000
<u>Distributed Administrative Cost</u>	\$ --	\$ --	\$ 4,048,000
<u>Less Funding provided for new positions in Admin</u>	\$ --	\$ --	\$ (461,000) ²
<u>Rent & Tenant Improvements</u>	\$ 60,000	\$ 223,775	\$ 180,000
<u>Office and IT Equipment</u>	\$ 883,000	\$ 4,119,514	\$ 550,000
<u>Operating Expenses</u>	\$ 518,000	\$ 226,085	\$ 1,090,000
<u>IT: Energy Scheduling and Settlements System</u>	\$ <u>2,500,000</u>	<u>Included in IT Equip.</u>	\$ <u>2,000,000</u>
TOTAL NON-POWER COSTS	\$ <u>15,187,100</u>	\$ <u>14,363,528</u>	\$ <u>23,889,710</u>

¹ Letters of credit to address CERS start-up credit issues only in place in Jan/Feb, prior to long-term contracts.

² Amended, effective March 2001.

Total Administrative Expenses January 18, 2001 to May 31, 2001

Month	Personal Services	Facilities	Professional Consulting Contracts ¹	Personal Services Agreements
January	\$ 297,281	\$ -	\$ 113,111	\$ 6,576
February	\$ 560,935	\$ -	\$ 1,400,345	\$ 58,484
March	\$ 351,289	\$ 151,497	\$ 1,109,384	\$ 155,086
April	\$ 265,487	\$ 36,139	\$ 1,088,646	\$ 147,132
May	\$ 265,487	\$ 36,139	\$ 3,209,565	\$ 165,344
Total	\$ 1,740,480	\$ 223,775	\$ 6,921,052	\$ 532,621

Month	Credit Fees ²	Operating Expense & Equipment	Information Technology Equipment	Total
January	\$ 600,000	\$ -	\$ 80,000	\$ 1,096,968
February	\$ -	\$ -	\$ 29,589	\$ 2,049,353
March	\$ -	\$ 102,078	\$ 16,449	\$ 1,885,783
April	\$ -	\$ 54,441	\$ 1,996,738	\$ 3,588,584
May	\$ -	\$ 69,566	\$ 1,996,738	\$ 5,742,839
Total	\$ 600,000	\$ 226,085	\$ 4,119,514	\$ 14,363,528

Note: An Additional \$2,389,805 was incurred as a Bond Issuance Cost and will be paid out of Bond Proceeds.

¹ Some invoices for May services have not yet been received.

² Letters of Credit to address startup credit issues only in place in January/February 2001, prior to establishing long-term contracts.

Power Payments Through May 31, 2001 by Counter Party

COMPANY NAME	TOTAL AMOUNT \$\$
AES New Energy	\$ 13,330
Allegheny Energy	\$ 97,113,823
American Electric	\$ 8,135,575
APB Energy, Inc	\$ 8,701
Arizona Public Services	\$ 748,400
Automated Power Exchange	\$ 2,541
Avista Energy	\$ 2,490,350
Bonneville Power	\$ 167,543,006
BP Energy	\$ 110,776,576
California Department of Water Resources	\$ 84,672,490
California ISO	\$ 3,970,146
California Power Exchange	\$ 4,000,000
Calpine Energy	\$ 29,169,658
Cargill-Alliant, LLC	\$ 220,000
Chapman & Cutler	\$ 25,000
City of Anaheim	\$ 6,707,456
City of Burbank	\$ 92,271,904
City of Glendale	\$ 16,106,550
City of Redding	\$ 85,280
City of Riverside	\$ 62,700
City of Seattle	\$ 2,461,225
City of Tacoma	\$ 2,353,465
City of Vernon	\$ 4,398,288
Commission de Federale Electricidad	\$ 9,800,460
Commonwealth Energy Corp	\$ 20,819,848
Constellation Power	\$ 17,804,600
Coral Power	\$ 84,940,195
Duke Energy	\$ 164,325,467
Dynegy	\$ 296,294,363
East Bay Municipal Utility District	\$ 922,560
El Paso Merchant Energy	\$ 83,923,493
Enron Power Marketing, Inc.	\$ 44,276,800
Eugene Water & Electric Board	\$ 94,147,219
Fresno Cogeneration	\$ 214,008
Grant County PUD	\$ 49,013,211
King & Spalding	\$ 48,431

COMPANY NAME	TOTAL AMOUNT \$\$
Los Angeles Department of Water & Power	\$ 331,424,797
Merrill Lynch Capital Services	\$ 92,185,980
Mieco, Inc.	\$ 93,383,315
Mirant	\$ 1,237,609,531
Modesto Irrigation District	\$ 87,500
Morgan Stanley Capital Group	\$ 8,864,625
MSR Public Power Agency	\$ 16,575
Nevada Power Company	\$ 25,378,035
Northern California Power Agency	\$ 8,453,057
PacifiCorp	\$ 508,450
PG&E Energy Trading Companies	\$ 23,718,708
Pinnacle West	\$ 53,777,785
Portland General Electric Company	\$ 354,821
Powerex	\$ 1,045,179,585
Prebon Energy	\$ 2,064
Public Service Company of New Mexico	\$ 126,799,436
Puget Sound Energy	\$ 40,000
Reliant Energy Service	\$ 122,598,810
Sacramento Municipal Utility District	\$ 80,673,353
Salt River Project	\$ 13,528,375
San Diego Gas & Electric	\$ 5,768,380
Sempra Companies	\$ 429,019,440
Sierra Pacific Power Company	\$ 4,160,825
Silicon Valley Power (City of Santa Clara)	\$ 116,000
Strategic Energy, Ltd.	\$ 2,274,933
TransAlta Energy	\$ 202,101,612
TransCanada Power	\$ 38,829,528
Tucson Electric Power	\$ 10,236,050
Turlock Irrigation District	\$ 4,006,887
UC Davis Med Ctr	\$ 1,141,600
US Dept of Energy	\$ 2,605,855
Western Area Power Administrator	\$ 3,242,310
Williams Energy	\$ 476,333,393
TOTAL	\$5,944,288,733

Impact of Natural Gas Prices on Energy Pricing

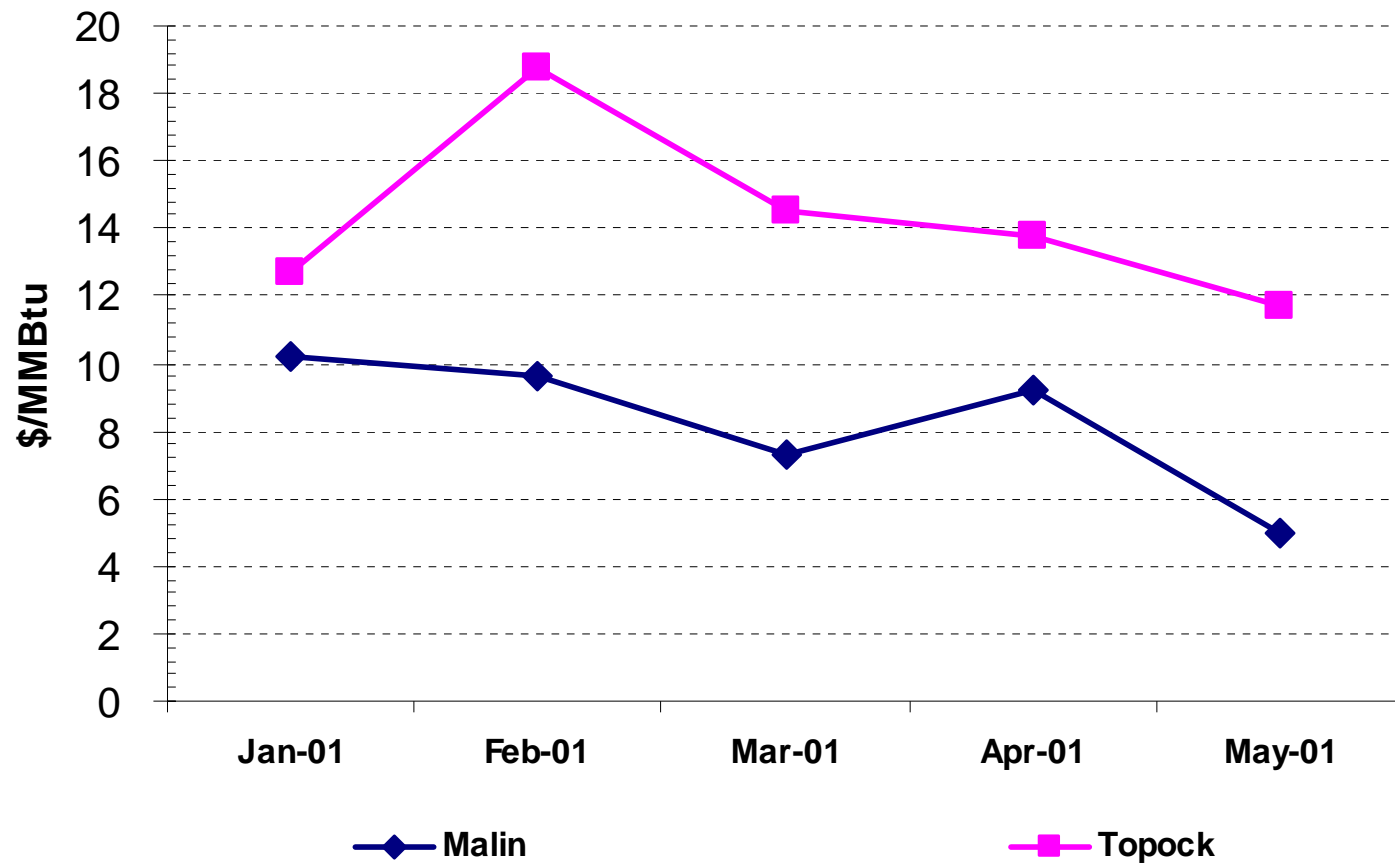
Natural Gas Pricing (\$ per MMBTU)

	MALIN (California-Oregon Border)	TOPOCK (Southern California Border)
Jan	\$10.18	\$12.68
Feb	\$9.65	\$18.74
Mar	\$7.33	\$14.51
Apr	\$9.24	\$13.76
May	\$4.94	\$11.73

While not the only factor, natural gas is a significant part of energy pricing. The above prices reflect average monthly cost for a natural gas unit (MMBTU) as reported from Gas Daily. The actual natural gas cost per MWh depends on cost per unit of gas and the heat rate efficiency of the generating facility.

For example, a \$10 per MMBTU cost utilized in a generating facility with a heat rating of 10,000 BTU/KWh would cost \$100 per MWh. Gas costs for a TOPOCK supplied plant in February under these assumptions would result in \$187.40 per MWh; gas costs for the same plant and efficiency supplied by gas at MALIN in May would be \$49.40 per MWh. These charges would represent fuel costs only. Cost for capital operations and maintenance, emissions, etc. would be additive.

Average Daily Natural Gas Price from Gas Daily



Appendix A

Proclamation